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CHILD AND FAMILY GUIDANCE CENTER
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2008

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Child and Family Guidance Center (CFGC)
(A California Non-Profit Corporation)
Northridge, California

We have audited the accompanying statement of financial position of Child and Family Guidance Center (A California Non-Profit Corporation) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of CFGC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the CFGC financial statements and, in our report dated November 29, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CFGC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CFGC as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2008, on our consideration of CFGC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of CFGC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information was prepared according to the accounting principles used for the basic financial statements and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



November 20, 2008

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash in bank	\$ 4,062,260	\$ 3,097,379
Contracts and fees receivable	962,832	1,435,917
Prepaid expenses and deposits	113,382	133,301
Property and equipment, net	<u>321,428</u>	<u>429,154</u>
Total assets	<u>\$ 5,459,902</u>	<u>\$ 5,095,751</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 146,465	\$ 197,138
Accrued vacation pay	590,919	577,663
Contract advances	<u>1,046,663</u>	<u>200,121</u>
Total liabilities	1,784,047	974,922
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	3,377,173	3,822,147
Temporarily restricted	<u>298,682</u>	<u>298,682</u>
Total net assets	<u>3,675,855</u>	<u>4,120,829</u>
Total liabilities and net assets	<u>\$ 5,459,902</u>	<u>\$ 5,095,751</u>

See accompanying auditors' reports and
notes to financial statements.

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Governmental service contracts	\$ 20,303,579	\$ -	\$20,303,579	\$ 19,915,396
Program service fees	97,353	-	97,353	91,517
Memberships and contributions	174,844	170,834	345,678	437,360
Allocation from United Way	50,000	-	50,000	61,731
Interest and dividend income	92,583	-	92,583	69,210
Other income	79,885	-	79,885	42,835
Restrictions released	170,834	(170,834)	-	-
 Total revenue, support and restrictions released	 20,969,078	 -	 20,969,078	 20,618,049
EXPENSES				
Program services	19,430,860	-	19,430,860	18,399,023
Support services	1,983,192	-	1,983,192	2,018,287
	<u>21,414,052</u>	<u>-</u>	<u>21,414,052</u>	<u>20,417,310</u>
 CHANGE IN NET ASSETS	 (444,974)	 -	 (444,974)	 200,739
 NET ASSETS - beginning of year	 <u>3,822,147</u>	 <u>298,682</u>	 <u>4,120,829</u>	 <u>3,920,090</u>
 NET ASSETS - end of year	 <u>\$ 3,377,173</u>	 <u>\$ 298,682</u>	 <u>\$ 3,675,855</u>	 <u>\$ 4,120,829</u>

See accompanying auditors' reports and
notes to financial statements.

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>Program Services</u>	<u>Support Services</u>	<u>2008 Total Expenses</u>	<u>2007 Total Expenses</u>
Salaries and related expenses				
Salaries	\$13,194,623	\$ 893,760	\$14,088,383	\$13,462,567
Payroll taxes	1,028,435	76,253	1,104,688	1,055,612
Employee benefits	<u>1,323,792</u>	<u>83,091</u>	<u>1,406,883</u>	<u>1,263,209</u>
	15,546,850	1,053,104	16,599,954	15,781,388
Other expenses				
Advertising	8,907	2,139	11,046	19,161
Auto expenses	19,783	32,473	52,256	57,577
Client subsidy	13,086	-	13,086	11,027
Computing supplies	11,802	53,995	65,797	127,560
Conferences, meetings and training	40,631	49,488	90,119	80,859
Consultants	897,743	151,115	1,048,858	889,552
Equipment purchase	6,133	1,491	7,624	6,275
Equipment rent and leases	62,105	31,908	94,013	119,136
Equipment repair and maintenance	16,026	518	16,544	33,309
Event costs	34,884	-	34,884	12,550
Insurance	129,330	18,083	147,413	175,069
Membership clinic association fees	2,095	25,575	27,670	28,493
Occupancy	1,559,626	257,109	1,816,735	1,724,217
Office expense	168,492	106,667	275,159	223,686
Postage	20,262	10,303	30,565	26,844
Printing	27,071	10,971	38,042	39,831
Professional fees	2,500	17,927	20,427	25,634
Public outreach and board expense	54	26,942	26,996	17,472
Restricted designated expense	141,553	-	141,553	201,068
Student transportation	293,542	-	293,542	278,795
Taxes and licenses	6,902	7,049	13,951	9,453
Telephone	114,317	92,961	207,278	177,516
Therapeutic reinforcement	1,793	23	1,816	1,663
Therapy and education materials	97,902	252	98,154	150,629
Travel	<u>101,936</u>	<u>23,445</u>	<u>125,381</u>	<u>96,076</u>
	19,325,325	1,973,538	21,298,863	20,314,840
 Depreciation	 <u>105,535</u>	 <u>9,654</u>	 <u>115,189</u>	 <u>102,470</u>
	<u>\$19,430,860</u>	<u>\$ 1,983,192</u>	<u>\$21,414,052</u>	<u>\$20,417,310</u>

See accompanying auditors' reports and
notes to financial statements.

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (444,974)	\$ 200,739
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	115,189	102,470
(Increase) decrease in:		
Contracts and fees receivable	473,085	175,726
Prepaid expenses and deposits	19,919	17,000
Increase (decrease) in:		
Accounts payable and accrued expenses	(50,673)	76,360
Accrued vacation	13,256	16,968
Contract advances	<u>846,542</u>	<u>200,121</u>
Total adjustments	<u>1,417,318</u>	<u>588,645</u>
Net Cash Provided (Used) by Operating Activities	972,344	789,384
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	<u>(7,463)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(7,463)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	964,881	789,384
CASH AT BEGINNING OF YEAR	<u>3,097,379</u>	<u>2,307,995</u>
CASH AT END OF YEAR	<u><u>\$4,062,260</u></u>	<u><u>\$3,097,379</u></u>

See accompanying auditors' reports and
notes to financial statements.

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Child and Family Guidance Center (CFGC) was organized pursuant to the General Non-Profit Corporation Laws of the State of California. CFGC is exempt from federal income tax, California franchise tax, county and city property taxes and Federal unemployment tax.

CFGC serves emotionally troubled children and youth, from infancy through adolescence, and their parents. Organized in 1962 to serve the San Fernando Valley, the Clinic's basic philosophy is that early intervention in emotional problems prevents more serious disturbances later in life.

Property

Property consists of real estate, furniture and equipment, the costs of which are depreciated using the straight-line method over their estimated useful lives ranging from thirty to five years, respectively. Fully depreciated assets are retained in the accounts until their retirement.

Revenue Recognition

Revenue from contributions and grants is recognized when received and classified as unrestricted, temporarily restricted or permanently restricted based on donor specifications. Revenues and receivables from service contracts are recognized when related expenses have been incurred. Amounts advanced in excess of contract expenditures are reflected as liabilities. Amounts earned but subject to final negotiations with government funding agencies are reserved until recognized upon final settlement.

Donated Services

Donated services are recognized in the financial statements as revenue and expense in equal amounts at their estimated fair values at the date of receipt.

Donated Goods

Donated goods are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt.

Functional Expense Allocations

The costs of providing services of CFGC have been summarized on a functional basis in the statement of functional expenses. Such costs have been allocated among the program and supporting services based upon time records and other activity bases.

Reclassifications

Certain amounts in the 2007 comparative totals have been reclassified to conform with the 2008 reporting format.

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CFGC's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents are from time to time variously composed of cash on hand and in commercial checking accounts, savings accounts, time certificates of deposit with original maturities of three months or less and money market accounts. These investments are carried at cost, which approximates market value. At June 30, 2008 such balances include \$1,158,689 in interest bearing funds.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Concentration of Credit Risk for Cash Held in Banks

Contracts receivable at June 30, 2008 are due from California State and County governmental entities. CFGC maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. CFGC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The balance of all the cash accounts in excess of federally insured amounts at June 30, 2008 was \$2,801,185.

2. FUND RAISING COSTS

Several unaffiliated organizations conduct fund-raising events on behalf of CFGC and contribute their net proceeds to the Agency.

Memberships and contributions are solicited via a newsletter mailing. The joint costs of the solicitation are insignificant in relation to the financial statements taken as a whole.

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

3. BORROWING ARRANGEMENTS

CFGFC has a \$2,500,000 line of credit agreement expiring November 1, 2008 bearing interest at .5 above the bank's Reference Rate (5.00% at June 30, 2008). The note is collateralized by accounts receivable of CFGFC and other property as defined. As of June 30, 2008, there is no balance owed on the credit line.

4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2008 consists of the following:

Autos	\$ 124,422
Building and improvements	2,673,271
Furniture and equipment	804,867
Land	<u>178,865</u>
	3,781,425
Less Accumulated depreciation	<u>(3,459,997)</u>
Total	<u>\$ 321,428</u>

5. COMMITMENTS

Government Contracts

Costs reported under certain grants and contracts from governmental sources are subject to disallowance upon final audit by such funding agencies.

Leases

CFGFC leases facilities and equipment under several operating leases with terms expiring at various dates through June 2012. Certain facility leases contain operating cost increases.

The approximate minimum future annual rental commitments under these leases for each of the next five years in aggregate are as follows:

2009	\$ 1,742,205
2010	488,703
2011	444,419
2012	415,476
2013	-
Thereafter	-

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SUMMARY OF AUDIT RESULTS:

Section I

- 1 The auditors' report expresses an unqualified opinion on the general purpose financial statements of:
Child and Family Guidance Center
- 2 No instances of noncompliance were disclosed during the audit which were material to the financial statements of:
Child and Family Guidance Center
- 3 The auditors' report on compliance on all major federal programs expresses an unqualified opinion for the
major federal award programs for:
Child and Family Guidance Center
- 4 No material weakness(es) identified relating to the audit of the financial statements are reported in the:
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- 5 No significant deficiency(ies) identified that are not considered to be material weaknesses relating to the audit of the
financial statements are reported in the:
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- 6 No material weakness(es) identified relating to the audit of the major federal award programs are reported in the:
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
- 7 No significant deficiency(ies) identified that are not considered to be material weaknesses relating to the audit of the
major federal award programs are reported in the:
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
- 8 Audit findings relative to the major federal award programs for:
Child and Family Guidance Center
are referenced in this Schedule as follows:

<u>Finding No.</u>	<u>Reference</u>
No findings or questioned costs for 2008	None
- 9 The threshold for distinguishing Types A and B programs was:
\$ 300,000
- 10 Child and Family Guidance Center
was determined to be a:
low-risk auditee
- 11 The programs tested as major programs included:

<u>CFDA Number</u>	<u>Program Name</u>
16.575	Crime Victim Assistance

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Child and Family Guidance Center (CFGC)
(A California Non-Profit Corporation)
Northridge, California

We have audited the financial statements of Child and Family Guidance Center (A California Non-Profit Corporation) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 20, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CFGC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CFGC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CFGC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of an entity's financial statements that is more than inconsequential will not be prevented or detected by an entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
Child and Family Guidance Center (CFGC)
(A California Non-Profit Corporation)
Northridge, California

Compliance

We have audited the compliance of Child and Family Guidance Center (A California Non-Profit Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. CFGC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of CFGC's management. Our responsibility is to express an opinion on CFGC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CFGC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CFGC's compliance with those requirements.

In our opinion, CFGC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008
(FEIN 95-2217348)

Federal Grantor, Pass Through Grantor, Program Name	CFDA Number	Grant Number	Grant Term	(D)irect (P)ass	Federal Expenditures	Non-Federal/ Match Expenditures
FEDERAL PROGRAMS						
U.S. Department of Education						
Passed Through the Los Angeles County Department of Mental Health - IDEA Special Education_ Grants to States	84.027	AB3632	07/01/06 - 06/30/07	P	\$ 283,264	\$ -
U.S. Department of Justice						
Passed Through the California Office of Criminal Justice Planning						
(Personnel & benefits)	16.575	AT 06031251	07/01/07 - 09/30/07	P	\$ 39,787	\$ 1,575
(Operating Expenses)	16.575	AT 06031251	07/01/07 - 09/30/07	P	3,693	-
(Equipment)	16.575	AT 06031251	07/01/07 - 09/30/07	P	-	-
(Personnel & benefits)	16.575	AT 07041251	10/01/07 - 06/30/08	P	138,545	50,000
(Operating Expenses)	16.575	AT 07041251	10/01/07 - 06/30/08	P	11,754	-
(Equipment)	16.575	AT 07041251	10/01/07 - 06/30/08	P	-	-
Crime Victim Assistance	16.575 *				193,779	51,575
U.S. Department of Housing and Urban Development						
Passed Through the City of Los Angeles						
Community Development Block Grant						
Neighborhood Action Program(NAP)	14.218	104869	07/01/07 - 03/31/08	P	67,103	-
Neighborhood Action Program(NAP)	14.218	104869	04/01/08 - 06/30/08	P	17,990	-
Community Development Block Grants/Entitlement Grants	14.218				85,093	-
TOTAL FEDERAL EXPENDITURES					\$ 562,136	\$ 51,575
LOCAL AWARD						
City of Los Angeles CDD-LA Bridges		100033	07/01/07 - 06/30/08	P		\$ 351,597
Subcontractor payments:						\$ 68,916
West Valley Alliance						52,186
KYDS						\$ 121,102
* Tested as a major program						

The above schedule was prepared using the accrual basis of accounting.
See accompanying auditors' reports and notes to basic financial statements.

CHILD AND FAMILY GUIDANCE CENTER

JUNE 30, 2008

REPORT TO MANAGEMENT

VASIN, HEYN & COMPANY

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

MANAGEMENT LETTER

To the Board of Directors of
Child and Family Guidance Center (CFGC)
(A California Non-Profit Corporation)
Northridge, California

In planning and performing our audit of the financial statements of Child and Family Guidance Center (A California Non-Profit Corporation) for the year ended June 30, 2008 we considered the CFGC's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations any internal control structure, errors, fraud or illegal acts may occur and not be detected by such control structure.

However, during our previous audit, we did become aware of certain matters (attached) that represent an opportunity for strengthening administrative controls. This letter does not affect our report dated November 20, 2008.

This report is intended solely for the information and use of the CFGC Board of Directors, management, and is not intended to be and should not be used by anyone other than these specified parties.

We have previously discussed our comments and suggestions with various CFGC's personnel and would be pleased to explain them further.

Vasin, Heyn & Co.

November 20, 2008

CHILD AND FAMILY GUIDANCE CENTER
(A California Non-Profit Corporation)
MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2008

CURRENT YEAR RECOMMENDATIONS

NONE

CURRENT YEAR FINDINGS AND QUESTIONED COSTS

NONE

PRIOR YEAR RECOMMENDATIONS

Observation:

Our risk assessment interviews and document review revealed that written procedures were in place which provided guidelines for managing risk-related events, but that such documentation was not integrated or comprehensive of all risks reasonably faced by CFGC primarily climate related risks.

We recommend that the risk assessment materials be periodically reviewed and updated in writing in order to maintain a constant Corporation-wide awareness of actions required to properly respond to risk-events.

2008 Management Response:

We concur with the Vasin, Heyn & Company's recommendation for a comprehensive corporate risk plan and we plan to work on the Comprehensive Risk Management Plan and expect its completion in 2009.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

NONE